Financial Statements

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Consolidated income statement

For the year ended 29 March 2015

Continuing operations	Note	2015 £m	2014 £m
Revenue	3	**255.9**	237.7
Administrative expenses	4	**(122.8)**	(139.0)
Operating profit before share-based payments, management incentive plans, exceptional items and impairment charges		**144.1**	126.2
Share-based payments	27	**(3.7)**	–
Management incentive plans	3	**(1.9)**	(0.6)
Exceptional items	4	**(5.4)**	(11.1)
Impairment charges	4	**–**	(15.8)
Operating profit	4	**133.1**	98.7
Finance income	8	**0.1**	0.7
Finance costs	8	**(122.3)**	(95.7)
Finance costs – net		**(122.2)**	(95.0)
Profit before taxation		**10.9**	3.7
Taxation	9	**(2.4)**	(6.5)
Profit/(loss) for the year from continuing operations		**8.5**	(2.8)
Discontinued operations:			
Profit for the year from discontinued operations attributable to equity holders of the parent	7	**1.9**	13.3
Profit for the year attributable to equity holders of the parent		**10.4**	10.5
Adjusted profit measure:			
Adjusted underlying EBITDA	3	**156.6**	136.1
Basic and diluted earnings/(loss) per share from continuing and discontinued operations	10		
From continuing operations (pence per share)		**0.85**	(0.28)
From discontinued operations (pence per share)		**0.19**	1.33
From profit for the year (pence per share)		**1.04**	1.05

Consolidated statement of comprehensive income

For the year ended 29 March 2015

	2015 £m	2014 £m
Profit for the year	**10.4**	10.5
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
IFRS 2 – share-based payments credit	**0.5**	0.7
	0.5	0.7
Items that may be subsequently reclassified to profit or loss		
Cash flow hedges, net of tax	**0.5**	1.1
Currency translation differences	**(0.7)**	(0.4)
	(0.2)	0.7
Other comprehensive income for the year, net of tax	**0.3**	1.4
Total comprehensive income for the year attributable to equity holders of the parent	**10.7**	11.9

Consolidated balance sheet

At 29 March 2015

	Note	2015 £m	2014 £m
Assets			
Non-current assets			
Intangible assets	11	**330.0**	338.4
Property, plant and equipment	12	**8.5**	4.3
Deferred taxation assets	22	**4.6**	4.8
		343.1	347.5
Current assets			
Trade and other receivables	16	**49.0**	52.9
Cash and cash equivalents	18	**22.1**	12.6
		71.1	65.5
Assets of disposal group classified as held for sale	17	**0.3**	2.2
		71.4	67.7
Total assets		**414.5**	415.2
Equity and liabilities			
Equity attributable to equity holders of the parent			
Ordinary shares	24	**1,500.0**	0.1
Preference shares		**–**	175.7
Share premium account		**144.4**	1.5
Accumulated loss		**(789.1)**	(1,023.2)
Capital reorganisation reserve		**(1,060.8)**	–
Other reserves		**29.4**	95.3
Total equity		**(176.1)**	(750.6)
Liabilities			
Non-current liabilities			
Borrowings	19	**540.7**	1,107.2
Deferred taxation liabilities	22	**0.6**	0.8
Retirement benefit obligations	23	**–**	–
Provisions for other liabilities and charges	21	**2.3**	4.6
		543.6	1,112.6
Current liabilities			
Trade and other payables	20	**40.4**	38.3
Current income tax liabilities		**2.7**	5.0
Derivative financial instruments	15	**–**	0.6
Provisions for other liabilities and charges	21	**3.9**	9.3
		47.0	53.2
Total liabilities		**590.6**	1,165.8
Total equity and liabilities		**414.5**	415.2

The financial statements from pages 64 to 106 were approved by the Board of Directors and authorised for issue.

Sean Glithero
Finance Director

19 June 2015

Auto Trader Group plc Registered number 09439967

Consolidated statement of changes in equity

For the year ended 29 March 2015

	Note	Share capital £m	Share premium account £m	Accumulated loss £m	Capital reorganisation reserve £m	Other reserves £m	Total equity £m
Balance at March 2013		**177.5**	**1.5**	**(1,033.6)**	**–**	**94.6**	**(760.0)**
Comprehensive income:							
Profit for the year		–	–	10.5	–	–	10.5
Other comprehensive income:							
Cash flow hedges, net of tax		–	–	1.1	–	–	1.1
IFRS 2 – share-based payments credit		–	–	0.7	–	–	0.7
Currency translation differences		–	–	–	–	(0.4)	(0.4)
Total other comprehensive gain/(loss), net of tax		–	–	1.8	–	(0.4)	1.4
Total comprehensive income/(loss), net of tax		–	–	12.3	–	(0.4)	11.9
Transactions with owners:							
Roll-up of preference share dividend		0.1	–	(0.1)	–	–	–
Payment of principal and dividend on preference shares		(1.8)	–	(1.8)	–	1.1	(2.5)
Balance at March 2014		**175.8**	**1.5**	**(1,023.2)**	**–**	**95.3**	**(750.6)**
Comprehensive income:							
Profit for the year		–	–	10.4	–	–	10.4
Other comprehensive income:							
Cash flow hedges, net of tax		–	–	0.5	–	–	0.5
IFRS 2 – share-based payments credit		–	–	0.5	–	–	0.5
Currency translation differences		–	–	–	–	(0.7)	(0.7)
Total other comprehensive gain/(loss), net of tax		–	–	1.0	–	(0.7)	0.3
Total comprehensive income/(loss), net of tax		–	–	11.4	–	(0.7)	10.7
Transactions with owners:							
IFRS 2 – share-based payments credit		–	–	3.7	–	–	3.7
Roll-up of preference share dividend prior to Group restructure		0.2	–	(0.2)	–	–	–
Repurchase and cancellation of ordinary share capital	24	(0.1)	–	(20.9)	–	0.1	(20.9)
Premium on ordinary share capital issued prior to Group restructure		–	1.1	–	–	–	1.1
Preference share capital issued prior to Group restructure		1.8	–	–	–	0.7	2.5
Dividends paid prior to Group restructure		–	–	(3.6)	–	–	(3.6)
Capital transaction – Group restructure, share-for-share exchange and issue of Auto Trader Group plc shares	24	1,322.3	141.8	243.7	(1,060.8)	(66.0)	581.0
Balance at March 2015		**1,500.0**	**144.4**	**(789.1)**	**(1,060.8)**	**29.4**	**(176.1)**

Consolidated statement of cash flows

For the year ended 29 March 2015

	Note	**2015 £m**	2014 £m
Cash flows from operating activities			
Cash generated from operations before exceptional operating items		**154.8**	134.0
Cash flows from exceptional operating items (excluding IPO fees) – continuing		**(9.8)**	(4.4)
Cash flows from exceptional operating items – discontinued		**(0.2)**	(2.2)
Cash generated from operations	26	**144.8**	127.4
Tax paid		**(4.7)**	(10.9)
Net cash generated from operating activities		**140.1**	116.5
Cash flows from investing activities			
Proceeds from disposal of subsidiary, net of cash disposed	26	**–**	32.3
Receipt of deferred consideration		**–**	0.1
Purchases of intangible assets – financial systems	11	**(1.9)**	(6.1)
Purchases of intangible assets – capitalised development spend	11	**–**	(4.9)
Purchases of intangible assets – other	11	**(0.4)**	(1.7)
Purchases of intangible assets – discontinued	11	**–**	(0.3)
Purchases of property, plant and equipment – continuing	12	**(6.8)**	(2.9)
Purchases of property, plant and equipment – discontinued	12	**–**	(0.4)
Proceeds from sale of property, plant and equipment		**–**	0.1
Proceeds from sale of assets held for sale – discontinued		**3.5**	–
Bank deposit and other interest received		**0.1**	0.7
Net cash (used in)/generated from investing activities		**(5.5)**	16.9
Cash flows from financing activities			
Proceeds from issue of ordinary shares following the Group restructure		**460.3**	–
Proceeds from issue of ordinary shares prior to the Group restructure	24	**3.7**	–
Redemption of Shareholder Loan Notes		**–**	(490.9)
Preference dividend and capital paid to Company's shareholders		**–**	(2.5)
Loan to Company's shareholder prior to the Group restructure		**(19.3)**	(5.2)
Drawdown of former Senior and Junior Debt	19	**–**	990.4
Repayment of former Senior and Junior Debt	19	**(990.4)**	(664.7)
Drawdown of Syndicated Term Loan	19	**550.0**	–
Payment of IPO costs		**(15.3)**	–
Payment of Syndicated Term Loan arrangement fees	19	**(9.4)**	–
Early repayment fees		**(29.4)**	–
Payment of former Senior and Junior Debt refinancing fees		**(2.1)**	(21.8)
Purchase of former Senior Debt	19	**–**	(7.6)
Payment of interest on borrowings and hedging instruments		**(73.2)**	(28.3)
Payment of other interest		**–**	(0.1)
Net cash used in financing activities		**(125.1)**	(230.7)
Net increase/(decrease) in cash and cash equivalents		**9.5**	(97.3)
Cash and cash equivalents at beginning of year	18	**12.6**	110.3
Exchange losses on cash		**–**	(0.4)
Cash and cash equivalents at end of year	18	**22.1**	12.6

Notes to the consolidated financial statements

General information

Auto Trader Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on the inside back cover.

1 Accounting policies

Basis of preparation

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial information presented is at and for the 52-week financial years ended 30 March 2014 and 29 March 2015. Financial year ends have been referred to as 31 March throughout the consolidated financial statements as per the Company's accounting reference date. Financial years are referred to as 2014 and 2015 in these consolidated financial statements.

On 24 March 2015, the Company obtained control of the entire share capital of Auto Trader Holding Limited (formerly Auto Trader Group Limited) via a share-for-share exchange. There were no changes in rights or proportion of control exercised as a result of this transaction. Although the share-for-share exchange resulted in a change of legal ownership, this was a common control transaction and therefore outside the scope of IFRS 3. In substance these financial statements reflect the continuation of the pre-existing Group, headed by Auto Trader Holding Limited (formerly Auto Trader Group Limited) and the financial statements have been prepared applying the principles of predecessor accounting ownership, this was a common control transaction and therefore outside the scope of IFRS 3.

As a result, the comparatives presented in these financial statements are the consolidated results of Auto Trader Holding Limited (formerly Auto Trader Group Limited). The prior year balance sheet reflects the share capital structure of Auto Trader Holding Limited (formerly Auto Trader Group Limited). The current period balance sheet presents the legal change in ownership of the Group, including the share capital of Auto Trader Group plc and the capital reorganisation reserve arising as a result of the share-for-share exchange transaction. The consolidated statement of changes in equity on page 67 and the additional disclosures in note 24 explain the impact of the share-for-share exchange in more detail.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), IFRS Interpretation Committee (IFRS IC), interpretations as adopted by the EU and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Going concern

The Directors, after making enquiries and on the basis of current financial projections and facilities available, believe that the Group has adequate financial resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The accounting estimates believed to require the most difficult, subjective or complex judgements and which are the most critical to the reporting of results of operations and financial positions are as follows:

> carrying values of assets relating to goodwill;
> share-based payments; and
> capitalisation of software and website development costs.

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, which require the use of estimates.

1 Accounting policies continued

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The fair value of services received in return for share options is calculated with reference to the fair value of the award on the date of grant. Black Scholes models have been used to calculate the fair value and the Directors have therefore made estimates with regards to the inputs to that model and the period over which the share award is expected to vest.

Costs incurred in developing new products are capitalised in accordance with the Group's accounting policy for software and website development costs (note 11). Determining the amounts to be capitalised requires management to make assumptions and estimates regarding the expected future cash generation of the software products or websites and the expected period of benefits.

New accounting standards and IFRS IC interpretations

The Group has adopted the following new and amended IFRSs in all years presented in the consolidated financial statements. There has not been a material impact to the Group when adopting these new and amended IFRSs:

- IAS 1 (amendment) Financial statement presentation
- IAS 12 (amendment) Income taxes
- IAS 19 (amendment) Employee benefits
- IAS 27 (revised) Separate financial statements
- IAS 27 (amendment) Separate financial statements
- IAS 28 (revised) Associates and joint ventures
- IAS 32 (amendment) Financial instruments: Presentation
- IAS 36 (amendment) Impairment of assets
- IAS 39 (amendment) Financial instruments: Recognition and measurement
- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosure of interests in other entities
- IFRS 13 Fair value measurement
- Amendments to IFRS 10, 11 and 12
- Annual improvements 2011.

The following standards and interpretations were issued by the IASB and IFRS IC, but have not been adopted either because they were not endorsed by the EU at 31 March 2015 or they are not yet mandatory and the Group has not chosen to early-adopt them. The impact on the Group's financial statements of the future standards, amendments and interpretations is still under review, but the Group does not expect any of these changes to have a material impact on the results or the net assets of the Group:

- Annual improvements 2012 and 2013 (effective 1 July 2014)
- IFRS 10 (amendment) Consolidated financial statements (effective 1 January 2016)
- IFRS 11 (amendment) Joint arrangements (effective 1 January 2016)
- IAS 16 (amendment) Property, plant and equipment (effective 1 January 2016)
- IAS 28 (amendment) Investment in associates and joint ventures (effective 1 January 2016)
- IAS 38 (amendment) Intangible assets (effective 1 January 2016)
- IFRS 9 Financial instruments (effective 1 January 2018)
- IFRS 15 Revenue from contracts with customers (effective 1 January 2017).

Basis of consolidation
The Group's consolidated financial statements consolidate the financial statements of Auto Trader Group plc and all of its subsidiary undertakings.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the Income Statement.

Intercompany transactions and balances between Group companies are eliminated on consolidation.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Where significant influence is not demonstrated but the shareholding is between 20% and 50% the Group would account for its interest as an investment. All investments are initially recognised at cost and the carrying value is reviewed for impairment.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Operational Leadership Team that makes strategic decisions (note 3).

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is stated net of discounts, returns and value-added tax.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transactions and the specifics of each arrangement.

Revenue comprises:

- fees for advertising on the Group's website and web-related activities, which are recognised on a straight-line basis as the service is provided;
- retailer website build and hosting subscription fees, maintenance contracts and other subscription fees, which where invoiced in advance are deferred and recognised on a straight-line basis over the period to which they relate; and
- fees for advertising in the Group's publishing titles and the sale of the publications, which are recognised on the date of publication (discontinued operations).

Discontinued operations
The closure of the magazines division in the UK and Ireland at the end of June 2013 and the sale of the South African subsidiary, The Car Trader (Pty) Limited, on 9 October 2013 have been presented as discontinued operations (note 7).

Dividend distribution
Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

1 Accounting policies continued

Employee benefits

The Group operates several pension schemes and all except one are defined contribution schemes. Within the UK all pension schemes set up prior to 2001 have been closed to new members and only one defined contribution scheme is now open to new employees.

a) Defined contribution scheme

The assets of the defined contribution scheme are held separately from those of the Group in independently administered funds. The costs in respect of this scheme are charged to the Income Statement as incurred.

b) Defined benefit scheme

The Group operates one defined benefit pension scheme that is closed to new members. The liability recognised in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of the scheme's assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating those of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in 'other comprehensive income' in the period in which they arise.

c) Share-based payments

Equity-settled awards are valued at grant date, and the difference between the grant date fair value and the consideration paid by the employee is charged as an expense in the Income Statement spread over the vesting period. The credit side of the entry is recorded in equity. Cash-settled awards are revalued at each reporting date with the fair value of the award charged to the profit and loss account over the vesting period and the credit side of the entry recognised as a liability. Movements in provisions for bad leavers are taken through reserves.

Non-underlying items

Significant items of income and expense that do not relate to the trading of the Group are disclosed as 'non-underlying'. Examples of such items are exceptional items, share-based payments, management incentive plans (relating to the change of ownership structure) and impairment charges.

Exceptional items

Significant non-recurring items of income and expense are disclosed as 'exceptional items'. Examples of items that may give rise to disclosure as exceptional items include costs of major restructuring and reorganisation of the business, corporate refinancing and restructuring costs, gains on the early extinguishment of borrowings or impairments of intangible assets, property, plant and equipment, as well as the reversal of such writedowns or impairments, material disposals of property, plant and equipment and litigation settlements. A full analysis of exceptional items is provided in note 4 and note 8.

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling (£), which is the Group's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement within administrative expenses.

c) Group companies
The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency other than sterling are translated into sterling as follows:

> assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

> income and expenses for each Income Statement are translated at average exchange rates; and

> all resulting exchange differences are recognised as a separate component of equity.

On the disposal of a foreign operation, the cumulative exchange differences that were recorded in equity are recognised in the Income Statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Intangible assets

a) Goodwill
Goodwill represents the excess cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses are charged to the Income Statement and are not reversed. The gain or loss on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

b) Trademarks, trade names, technology and customer relationships
Separately acquired trademarks, trade names, technology and customer relationships are shown at historical cost. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of between one and 15 years. Trademarks, trade names, technology and customer relationships acquired in a business combination are recognised at fair value at the acquisition date.

c) Software
Acquired computer software is capitalised at cost, including any costs to bring it into use, and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of three to five years.

d) Software and website development costs and financial systems
Development costs that are directly attributable to the design and testing of identifiable and unique software products, websites and systems controlled by the Group are recognised as intangible assets when the following criteria are met:

> it is technically feasible to complete the software product or website so that it will be available for use;

> management intends to complete the software product or website and use or sell it;

> there is an ability to use or sell the software product or website;

> it can be demonstrated how the software product or website will generate probable future economic benefits;

> adequate technical, financial and other resources to complete the development and to use or sell the software product or website are available; and

> the expenditure attributable to the software product or website during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product, website or system include employee and contractor costs.

Other development expenditures that do not meet these criteria as well as ongoing maintenance and costs associated with routine upgrades and enhancements are recognised as an expense as incurred.

Development costs for software, websites and systems are carried at cost less accumulated amortisation and are amortised over their useful lives (not exceeding five years) at the point in which they come into use.

1 Accounting policies continued

Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost comprises the purchase price of the asset and expenditure directly attributable to the acquisition of the item.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their estimated residual values over the estimated useful lives as follows:

Land, buildings and leasehold improvements:

Freehold buildings	50 years
Leasehold land and buildings	life of lease
Leasehold improvements	life of lease
Motor vehicles	5 years
Plant and equipment	3-10 years.

Assets in the course of construction are recorded within property, plant and equipment and are transferred to the appropriate classification when complete and depreciated from the date they are brought into use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying value of assets is reviewed for impairment if events or changes in circumstances suggest that the carrying value may not be recoverable. Assets will be written down to their recoverable amount if lower than the carrying value, and any impairment is charged to the Income Statement.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement within 'administrative expenses'.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then to reduce the carrying amount of other assets in the unit (or group of units) on a pro-rata basis.

Assets and liabilities (or disposal groups) held for sale

Assets and liabilities (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. On classification as held for sale, they are stated at the lower of carrying amount and fair value less costs to sell. Impairment losses are included in the Income Statement, as are any gains and losses on subsequent re-measurement.

Financial assets

The Group classifies its financial assets in the categories of loans and receivables and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Financial assets measured at fair value are those held for trading or designated at fair value through profit or loss. Derivatives are categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. Financial assets carried at fair value through the profit or loss account are initially recognised at fair value, and transaction costs are expensed in the Income Statement. They are subsequently re-measured to fair value and gains or losses arising from changes in the fair value are recognised in the Income Statement in the period in which they arise.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that this event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Income Statement. If, in a subsequent period, the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is credited to the Income Statement.

Derivative financial instruments and hedging

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the contract date and are subsequently re-measured at their fair value. Changes in the fair value of instruments that do not qualify for hedge accounting are recognised in the Income Statement as they arise.

The Group documents at the inception of the transaction the relationship between the hedging instrument and the hedged item. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivative used in the hedging transactions is highly effective in offsetting changes in the cash flows of the hedged item. The fair value of the derivative instrument used for hedging purposes is disclosed in note 15.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in 'other comprehensive income'. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement within 'finance costs'. Amounts accumulated in equity are recycled in the Income Statement in the periods when the hedged item affects the profit or loss.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

1 Accounting policies continued

Cash and cash equivalents
Cash and cash equivalents include cash in hand, short-term deposits held on call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in 'current liabilities' on the balance sheet.

Trade payables
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Finance and issue costs associated with the borrowings are charged to the Income Statement using the effective interest rate method from the date of issue over the estimated life of the borrowings to which the costs relate.

Borrowings are derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in respective carrying amounts together with any costs or fees incurred are recognised in the Income Statement.

The buyback of bank borrowings represents the discharge of the obligation to repay the debt. The difference between the carrying amount of the financial liability extinguished and the consideration paid is recognised as an exceptional gain in the Income Statement, as it is a significant non-recurring item.

Preference shares are treated as borrowings where in substance they have the features of debt instruments; otherwise they are classified as equity. The related dividends are recognised as an interest expense for debt instruments and as dividends for equity instruments.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions
A provision is recognised when a present legal or constructive obligation exists at the balance sheet date as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of that obligation can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate the risks specific to the obligation.

Contingent liabilities are not recognised but are disclosed unless an outflow of resources is remote. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

Taxation
The tax expense for the period comprises current and deferred taxation. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in 'other comprehensive income' or directly in equity. In this case the tax is also recognised in 'other comprehensive income' or directly in equity, respectively. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current taxation is provided at amounts expected to be paid (or recovered) calculated using the rates of tax and laws that have been enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred taxation is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred taxation assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Share capital
Ordinary shares are classified as equity. Preference shares are classified as liabilities where in substance they have features of debt instruments, otherwise they are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where the Group purchases its own equity share capital, the consideration paid is deducted from equity attributable to the Group's owners until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received is included in equity attributable the Group's owners.

Share premium and other reserves
The amount subscribed for the ordinary shares in excess of the nominal value of these new shares is recorded in 'share premium'. The amount subscribed for the preference shares in excess of the nominal value of these new preference shares is recorded in 'other reserves'.

Costs that directly relate to the issue of ordinary shares are deducted from share premium net of corporation tax.

The capital reorganisation reserve arises on consolidation as a result of the share-for-share exchange on 24 March 2015. It represents the difference between the nominal value of shares issued by Auto Trader Group plc in this transaction and the share capital and reserves of Auto Trader Holding Limited (formerly Auto Trader Group Limited).

Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted EPS, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares.

As explained in the basis of preparation accounting policy, the Group's financial statements reflect the continuation of the pre-existing group headed by Auto Trader Holding Limited (formerly Auto Trader Group Limited). The 2015 weighted average number of shares has been stated as the weighted average number of shares in the period from the date of the Group reorganisation to the balance sheet date. The 2014 weighted average number of shares has been stated as if the Group reorganisation set out in note 24 had occurred at the beginning of the comparative period.

A reconciliation of the adjusted and alternative measure to the statutory measure required by IFRS is given in note 10.

2 Financial risk management

a) Financial risk factors

In the course of its business the Group is exposed to market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and technology risk. The Group's overall risk management strategy is to minimise potential adverse effects on the financial performance and net assets of the Group. These policies are set and reviewed by senior finance management and all significant financing transactions are authorised by the Board of Directors.

Market risk

i. Foreign exchange risk

Following the sale of the South African subsidiary in October 2013, the Group no longer has any significant foreign exchange risk as 98% of the Group's revenue and 97% of costs are sterling-denominated.

The Group operates in overseas regions, primarily in Ireland. In previous years, overseas regions included South Africa. Foreign-currency-denominated net assets of overseas operations were not hedged as they represented a relatively small proportion of the Group's net assets. The Group operated a dividend policy across these regions ensuring any surplus cash was remitted to the UK thereby minimising the impact of exchange volatility. Forward currency contracts were entered into when appropriate to eliminate exposures on this dividend income.

ii. Interest rate risk

The Group's interest rate risk arises from long-term borrowings under the new Syndicated Term Loan subject to floating rates of interest linked to LIBOR. Prior to the Group restructure in March 2015 the Group also had interest rate risk from borrowings under the former Syndicated Bank Loan ('former Senior Debt'), the Goldman Sachs Mezzanine Partners (GSMP) Junior Debt ('former Junior Debt') and Shareholder Loan Notes subject to floating rates of interest linked to LIBOR.

Prior to the Group restructure interest rate risk on the bank borrowings was managed by using interest rate swaps to convert £335.0m (31 March 2014: £335.0m) of the debt from floating to fixed rates. Under the interest rate swaps the Group agreed with the other party to exchange on a monthly basis the difference between the fixed contract rate and the floating rate interest amounts calculated by reference to the agreed notional amounts.

The interest rate swaps held by the Group were settled as part of the Group restructure and were not replaced by any similar arrangements. The Group monitors interest rates on an ongoing basis.

iii. Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Group has dedicated standards, policies and procedures to control and monitor all such risks. Although the Group is potentially exposed to credit loss in the event of non-performance by counterparties, such credit risk is controlled through credit rating reviews of the counterparties and by limiting the total amount of exposure to any one party. The Group does not believe it is exposed to any material concentrations of credit risk. As an example, the Group's borrowings are arranged with a syndicate of major banks and are committed until 2020.

Credit risk relating to trade receivables is managed centrally and the credit risk for new customers is analysed before standard payment terms and conditions are offered. Policies and procedures exist to ensure that existing customers have an appropriate credit history and a significant number of balances are prepaid or collected via direct debit. Sales to private customers are primarily settled using major debit or credit cards which reduces the risk in this area. Overall the Group considers that it is not exposed to a significant amount of either customer credit or bad debt risk, due to the diversified and fragmented nature of the customer base.

The cost of bad debts for the year ended 31 March 2015 was 0.8% (for the year ended 31 March 2014: 0.8%).

iv. Liquidity risk

Cash flow forecasting is performed centrally by the Group treasury manager. Rolling forecasts of the Group's liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans.

Surplus cash held by operating entities over and above the balance required for working capital management is invested centrally in interest-bearing current accounts and money market deposits with appropriate maturities or sufficient liquidity as required by the above-mentioned forecasts. At the balance sheet date the Group held money market deposits of £Nil (31 March 2014: £Nil) that are expected to generate cash inflows for managing liquidity risk.

The table below analyses the Group's financial liabilities and undrawn commitments into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. Derivative financial instruments are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows, except for derivative financial instruments cash flows.

At 31 March 2015	**Less than 1 year £m**	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**Over 5 years £m**
Borrowings	**–**	**–**	**550.0**	**–**
Derivative financial instruments	**–**	**–**	**–**	**–**
Trade and other payables	**6.4**	**–**	**–**	**–**
Undrawn revolving credit and other facilities	**–**	**–**	**30.0**	**–**
Total	**6.4**	**–**	**580.0**	**–**

At 31 March 2014	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Borrowings	–	–	632.0	487.2
Derivative financial instruments	0.6	–	–	–
Trade and other payables	13.9	–	–	–
Undrawn revolving credit and other facilities	–	–	35.0	–
Total	**14.5**	**–**	**667.0**	**487.2**

b) Capital risk management

The Group considers capital to be net debt plus adjusted total equity. Net debt is defined as borrowings less cash and short-term deposits. Adjusted total equity is defined as total equity excluding accumulated loss, as shown in the consolidated balance sheet.

The calculation of total capital is shown in the table below:

	2015 £m	2014 £m
Loans due within one year	**–**	–
Loans and overdrafts greater than one year	**540.7**	1,107.2
Less: Cash and cash equivalents	**(22.1)**	(12.6)
Total net debt	**518.6**	1,094.6
Total equity	**(176.1)**	(750.6)
Less: Accumulated loss	**789.1**	1,023.2
Adjusted total equity	**613.0**	272.6
Total capital	**1,131.6**	1,367.2

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital.

The margin payable on the new Syndicated Term Loan interest is dependent on the consolidated leverage ratio of Auto Trader Group plc and its subsidiaries and this is calculated and reviewed on a semi-annual basis. Repayments can be made without penalty under the new Syndicated Term Loan Agreement and there is no requirement to settle all or part of the new Syndicated Term Loan earlier than their termination date of 2020.

2 Financial risk management continued

c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

> quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

> inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

> inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value:

As at 31 March 2015	**Level 2 £m**	**Total £m**
Liabilities		
Derivative financial instruments (used for hedging)	–	–

As at 31 March 2014	Level 2 £m	Total £m
Liabilities		
Derivative financial instruments (used for hedging)	(0.6)	(0.6)

The fair values of the interest rate swaps (derivative financial instruments) are calculated at the present value of the estimated future cash flows.

3 Segmental information

IFRS 8 Operating segments requires the Group to determine its operating segments based on information which is provided internally. Based on the internal reporting information and management structures within the Group, it has been determined that there is only one operating segment, being the Group, as the information reported includes operating results at a consolidated Group level only. This reflects the nature of the business, where the major cost is to support the IT platforms upon which all of the Group's customers are serviced. These costs are borne centrally and are not attributable to any specific customer type or revenue stream. There is also considered to be only one reporting segment, which is the Group, the results of which are shown in these consolidated statements of comprehensive income.

Management has determined that there is one operating and reporting segment based on the reports reviewed by the Operational Leadership Team (OLT) who are the chief operating decision-maker (CODM). The OLT is made up of a number of Directors and key management and is responsible for the strategic decision-making of the Group.

To assist in the analysis of the Group's revenue-generating trends, the OLT reviews revenue from three customer types as detailed below:

> **Trade** – revenue from products and services provided to retailers and home traders to support their online activities;

> **Consumer services** – revenue from individuals for vehicle advertisements on the Group's websites. This category also includes revenue from services directed at consumers relating to their motoring needs, such as insurance and loan finance; and

> **Display advertising** – revenue from customers, advertising agencies and retailers for placing display advertising on the Group's websites.

The reporting information provided to the OLT, which presents revenue by customer type, has been voluntarily disclosed below:

Revenue	2015 £m	2014 £m
Trade	**214.8**	198.4
Consumer services	**29.0**	29.1
Display advertising	**12.1**	10.2
Total revenue from continuing operations	**255.9**	237.7

The revenue from external parties reported to the OLT is measured in a manner consistent with that in the Income Statement.

Adjusted underlying EBITDA

Operating costs, comprising administrative expenses, are managed on a group basis. The OLT measures the overall performance of the Group by reference to the following non-GAAP measure:

> Adjusted underlying EBITDA, which is underlying operating profit (operating profit before impairment, exceptional items and non-trading items such as IFRS 2 charges in respect of share-based payments and the costs of management incentive plans) less capitalised development expenditure, excluding expenditure incurred on building the Group's financial systems and before depreciation and amortisation.

This adjusted profit measure is applied by the OLT to understand the earnings trend of the Group and is considered the most meaningful measure by which to assess the true operating performance of the Group.

In addition to annual bonuses which are linked to the Group's financial performance, the Group had a number of longer term cash management incentive plans and non-cash share-based payments incentives linked to changes in ownership of the Group (and linked to the valuation achieved) rather than the achievement of individual or Company-specific financial performance targets. In addition, since 31 December 2013, the Group has changed its approach to technology development such that the Group now develops its core infrastructure through small-scale, maintenance-like incremental improvements and as a result where the Group's expenditure on development salaries no longer meets the criteria for capitalisation, it has been expensed as incurred.

The Directors believe that these items and adjusted measures of performance should be separately disclosed in order to assist in the understanding of financial performance achieved by the Group and for consistency with prior years.

	2015 £m	2014 £m
Operating profit	**133.1**	98.7
Share-based payments	**3.7**	–
Management incentive plans	**1.9**	0.6
Exceptional items	**5.4**	11.1
Impairment charges	**–**	15.8
Capitalised development spend[1]	**–**	(4.9)
Depreciation	**2.5**	2.2
Amortisation	**10.0**	12.6
Adjusted underlying EBITDA	**156.6**	136.1

1 Excluding costs capitalised in respect of SingleView.

A reconciliation of the total segment operating profit to the profit before tax and discontinued operations is provided as follows:

	2015 £m	2014 £m
Total segment operating profit	**133.1**	98.7
Finance costs – net	**(122.2)**	(95.0)
Profit before tax and discontinued operations	**10.9**	3.7

3 Segmental information continued

The OLT reviews the balance sheet information for the one operating segment. The segment's assets and liabilities are presented in a manner consistent with that of the financial statements.

The Group is domiciled in the UK and the following table details external sales by location of customers and non-current assets (excluding deferred tax) by geographic area:

	2015 £m	2014 £m
Revenue:		
UK	251.3	232.9
Ireland	4.6	4.8
Total continuing operations	255.9	237.7
Discontinued operations – UK	–	2.8
Discontinued operations – Rest of world	–	8.0
Total continuing and discontinued operations	255.9	248.5
Non-current assets:		
UK	333.2	336.4
Ireland	5.3	6.3
Total continuing and discontinued operations	338.5	342.7

Due to the large number of customers the Group serves, there are no individual customers whose revenue is greater than 10% of the Group's total revenue in all periods presented in this financial statements.

4 Operating profit

Expenses by nature including exceptional items and impairment charges:

	Note	2015 £m	2014 £m
Staff costs	5	58.4	52.5
Contractor costs		1.4	2.8
Depreciation of property, plant and equipment	12	2.5	2.2
Impairment of property, plant and equipment	12	–	0.7
Amortisation of intangibles	11	10.0	12.6
Impairment of intangibles	11	–	11.9
Impairment of investments	13	–	3.2
Operating lease payments		3.3	3.3
Net foreign exchange losses		0.1	–
IT and communication costs		7.8	7.1
Other expenses		39.3	42.7
Total administrative expenses		122.8	139.0
Included within share-based payments, management incentive plans, exceptional items and impairment charges		(11.0)	(27.5)
Total administrative expenses before share-based payments, management incentive plans, exceptional items and impairment charges		111.8	111.5

Exceptional items and impairment charges:

	Note	2015 £m	2014 £m
Restructuring of Group operations		**3.9**	11.1
IPO costs		**1.5**	–
Impairment of property, plant and equipment	12	**–**	0.7
Impairment of intangibles	11	**–**	11.9
Impairment of investments	13	**–**	3.2
Total exceptional items and impairment charges		**5.4**	26.9

Restructuring of Group operations relates to redundancy, property and other costs for the relocation of offices in the UK and other reorganisation costs.

Exceptional IPO costs relate to costs associated with the Initial Public Offering (IPO) of Auto Trader Group plc shares on the London Stock Exchange on 24 March 2015.

Exceptional finance costs of £29.4m (2014: £10.8m) have been included separately within finance costs (note 8).

The exceptional items, including impairment charges, disclosed above are classified as exceptional by management in accordance with the accounting policy in note 1.

Services provided by the Company's auditors

During the year, the Group (including overseas subsidiaries) obtained the following services from the operating company's auditors:

	2015 £m	2014 £m
Fees payable for the audit of the Company and consolidated financial statements	**0.1**	0.1
Fees payable for other services:		
– the audit of the subsidiary undertakings pursuant to legislation	**0.2**	0.2
– tax advisory services	**–**	0.1
– services relating to completed and proposed corporate finance transactions	**–**	0.3
– other assurance services	**1.8**	–
– other non-audit services	**0.8**	0.2
Total	**2.9**	0.9

5 Employees and Directors

	2015 £m	2014 £m
Wages and salaries	**43.3**	44.7
Social security costs	**5.0**	5.0
Other pension costs (note 23)	**2.0**	1.8
	50.3	51.5
Share-based payments charge (note 27)	**3.7**	–
Management incentive plans	**1.9**	0.6
Restructuring costs	**2.5**	4.5
	58.4	56.6
Capitalised development costs	**–**	(4.1)
Total	**58.4**	52.5

Staff costs in note 4 exclude employee costs capitalised as part of software development.

5 Employees and Directors continued

The average monthly number of employees (including Executive Directors and excluding third-party contractors) employed by the Group was as follows:

	2015 Number	2014 Number
Customer operations	403	444
Product and technology	326	344
Display	36	34
Corporate	133	157
Total	**898**	979

6 Directors' and key management remuneration

The remuneration of Directors was as follows:

	2015 £m	2014 £m
Aggregate Directors' emoluments	1.8	2.6
Share-based payments charge	2.2	–
Compensation for loss of office	–	0.2
Pension contributions	0.1	0.1
Total	**4.1**	2.9

During the years ended 31 March 2015 two Directors (2014: one Director) were members of the Group's defined pension contribution scheme.

All the above remuneration was paid by Auto Trader Limited (formerly Trader Publishing Limited), a subsidiary of the Group.

The remuneration of the highest paid Director was as follows:

	2015 £m	2014 £m
Aggregate emoluments	0.4	2.0
Share-based payments charge	1.9	–
Pension contributions	0.1	0.1
Total	**2.4**	2.1

During the year to 31 March 2015, Trevor Mather and Sean Glithero (2014: Trevor Mather, Sean Glithero and Zillah Byng-Maddick) received remuneration in respect of their services as Directors of the Company and subsidiary undertakings. Ed Williams received remuneration in respect of his services as a Director of the Company and Auto Trader Holding Limited (formerly Auto Trader Group Limited), a subsidiary undertaking. Chip Perry received remuneration in respect of his services as a Director of the Company and Auto Trader Holding Limited (formerly Auto Trader Group Limited), a subsidiary undertaking, since his appointment in June 2014.

During the year to 31 March 2015, Tom Hall and Nick Hartman (2014: Tom Hall, Nick Hartman, Irina Hemmers, Andrew Miller and Darren Singer) received no remuneration in respect of their services as Directors of the Company and Auto Trader Holding Limited (formerly Auto Trader Group Limited) a subsidiary undertaking.

Prior to the Group restructure on 24 March 2015 the shareholders of Auto Trader Holding Limited (formerly Auto Trader Group Limited), a subsidiary of the Company, received a total of £0.1m for the provision of Directors' services to the Group.

Key management compensation

During the year to 31 March 2015, key management comprised the members of the OLT (2014: OLT and Executive Committee). The composition and number of people within key management changed on 1 October 2013 following the internal reorganisation of the business after the closure of the magazines division and the sale of the South African subsidiary.

The remuneration of all key management (including Directors) was as follows:

	2015 £m	2014 £m
Short-term employee benefits	**6.5**	5.7
Share-based payments	**3.7**	–
Management incentive plans	**0.3**	–
Compensation for loss of office	**–**	0.5
Pension contributions	**0.3**	0.3
Total	**10.8**	6.5

7 Discontinued operations

The magazines division in the UK and Ireland was closed at the end of June 2013. The South African subsidiary, The Car Trader (Pty) Limited, was sold on 9 October 2013. For the purposes of the financial statements, the magazines division and South African subsidiary have been presented as discontinued operations in 2014 and 2015.

The analysis of the results of discontinued operations is as follows:

	2015 £m	2014 £m
Revenue	**–**	10.8
Expenses	**0.1**	(6.9)
Exceptional items: restructuring credit	**0.5**	0.4
Exceptional items: profit on disposal of held-for-sale asset	**1.3**	–
Profit before tax of discontinued operations	**1.9**	4.3
Taxation charge	**–**	(1.0)
Profit after tax of discontinued operations	**1.9**	3.3
Profit on disposal of discontinued operations	**–**	9.2
Foreign exchange gain on disposal of discontinued operations	**–**	0.8
Profit for the year from discontinued operations	**1.9**	13.3

8 Finance income and finance costs

	2015 £m	2014 £m
Finance income		
On bank balances	**0.1**	0.7
Total	**0.1**	0.7
Finance costs		
On bank loans and overdrafts	**65.3**	29.5
On shareholders' loans	**12.9**	53.2
Net losses on derivative financial instruments	**2.7**	1.4
Other interest payable	**–**	0.1
Amortised debt issue costs	**12.0**	0.7
Exceptional: early repayment premium (note 19)	**26.2**	–
Exceptional: settlement of derivatives	**3.2**	–
Exceptional: refinancing costs	**–**	10.8
Total	**122.3**	95.7

The exceptional early repayment premium was incurred in relation to the settlement of the former Goldman Sachs Mezzanine Partners (GSMP) Junior Debt. The former GSMP Junior Debt was settled in full as part of the Group restructure on 24 March 2015 (note 19).

The Group opted to settle its interest rate swap agreements as part of the Group restructure. The Group incurred a charge as a result of the transaction which was expensed in full in the year ended 31 March 2015 and classified as exceptional.

Exceptional refinancing costs were incurred in relation to the refinancing of the former Senior Debt in the year ended 31 March 2014 (note 19). These costs were expensed in full, as the Directors believe the refinancing represented an extinguishment of the previous debt facility.

9 Taxation

	2015 £m	2014 £m
Current taxation		
UK corporation taxation	**2.2**	7.1
Foreign taxation	**0.1**	0.1
Adjustments in respect of prior years	**0.1**	(0.6)
Total current taxation	**2.4**	6.6
Deferred taxation		
Origination and reversal of temporary differences	**–**	(1.4)
Adjustments in respect of prior years	**–**	0.7
Effect of rate changes on deferred taxation	**–**	0.6
Total deferred taxation	**–**	(0.1)
Total taxation charge	**2.4**	6.5

The differences between the total taxation shown above and the amount calculated by applying the standard UK corporation taxation rate to the profit before taxation on continuing operations are as follows. The Group earns its profits primarily in the UK, therefore the rate used for taxation is the standard rate for UK corporation tax.

	2015 £m	2014 £m
Profit before taxation	**10.9**	3.7
Tax on profit on ordinary activities at the standard UK corporation tax rate of 21% (2014: 23%)	**2.3**	0.9
Non-taxable income	**(0.5)**	–
Expenses not deductible for taxation purposes	**1.8**	5.0
Adjustments in respect of foreign tax rates	**(0.1)**	(0.1)
Other temporary differences	**(1.2)**	–
Effect of rate changes on deferred taxation	**–**	0.6
Adjustments in respect of prior years	**0.1**	0.1
Total taxation charge	**2.4**	6.5

Taxation on items taken directly to equity was a credit of £0.4m (2014: £0.4m credit) and relates to financial derivatives and IPO costs recognised in share premium.

The tax charge for the year is based on the effective rate of UK corporation tax for the period of 21% (2014: 23%). The statutory rate of corporation tax reduced from 23% to 21% on 1 April 2014 and to 20% on 1 April 2015. These changes were substantively enacted on 2 July 2013 and hence the impact was reflected in the opening tax balances. There was therefore no impact on the current year financial statements.

10 Earnings per share

a) Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of Auto Trader Group plc by the weighted average number of ordinary shares in issue from the date of the IPO to 31 March 2015.

	2015 £m	2014 £m
Profit/(loss) from continuing operations attributable to equity holders of the parent	**8.5**	(2.8)
Profit from discontinued operations attributable to equity holders of the parent	**1.9**	13.3
Total profit attributable to equity holders of the parent	**10.4**	10.5
Weighted average number of ordinary shares in issue (millions)	**1,000**	1,000
Basic earnings per share (in pence) from continuing operations	**0.85**	(0.28)
Basic earnings per share (in pence) from discontinued operations	**0.19**	1.33
Basic earnings per share (in pence)	**1.04**	1.05

Basic and diluted earnings per share are the same as there is no difference between the basic and the diluted number of shares. The weighted average number of shares for both the current and preceeding years has been stated as if the Group reorganisation as set out in note 24 had occurred at the beginning of the comparative year.

10 Earnings per share continued

b) Adjusted earnings per share

Adjusted basic and diluted earnings per share figures are calculated by dividing adjusted profit after tax for the year by the weighted average number of shares in issue (as set out above). Adjusted earnings per share are presented for continuing operations only.

Continuing operations	2015 £m	2014 £m
Profit/(loss) from continuing operations	**8.5**	(2.8)
Exceptional items	**5.4**	11.1
Impairment charges	**–**	15.8
Management incentives	**1.9**	0.6
Share-based payments	**3.7**	–
Exceptional finance cost	**29.4**	10.8
Capitalised development spend	**–**	(4.9)
Tax effect	**(7.7)**	(4.7)
Total adjusted profit from continuing operations	**41.2**	25.9
Weighted average number of ordinary shares in issue (millions)	**1,000**	1,000
Adjusted earnings per share from continuing operations (in pence)	**4.12**	2.59

11 Intangible assets

	Goodwill £m	Software and website development costs £m	Financial systems £m	Customer relationships £m	Technology £m	Trade names and trademarks £m	Total £m
At 31 March 2013	**1,068.9**	**57.1**	**3.1**	**6.5**	**5.6**	**1.9**	**1,143.1**
Additions – capitalised internal development spend	–	4.9	–	–	–	–	4.9
Additions – other	–	1.1	6.1	–	–	–	7.2
Reclassification to property, plant and equipment	–	(0.3)	–	–	–	–	(0.3)
Disposals	(635.0)	(8.6)	–	(0.7)	–	–	(644.3)
Exchange differences	(0.1)	(0.1)	–	–	–	–	(0.2)
At 31 March 2014	**433.8**	**54.1**	**9.2**	**5.8**	**5.6**	**1.9**	**510.4**
Additions – other	–	0.4	1.9	–	–	–	2.3
Disposals	–	(0.7)	–	–	–	–	(0.7)
Exchange differences	(0.6)	(0.1)	–	–	–	–	(0.7)
At 31 March 2015	**433.2**	**53.7**	**11.1**	**5.8**	**5.6**	**1.9**	**511.3**
Accumulated amortisation and impairments							
At 31 March 2013	**723.4**	**37.8**	**–**	**5.2**	**2.3**	**0.8**	**769.5**
Amortisation charge	–	11.3	–	0.4	0.9	0.2	12.8
Impairment	10.8	1.1	–	–	–	–	11.9
Disposals	(613.4)	(8.1)	–	(0.7)	–	–	(622.2)
At 31 March 2014	**120.8**	**42.1**	**–**	**4.9**	**3.2**	**1.0**	**172.0**
Amortisation charge	–	6.9	1.7	0.4	0.8	0.2	10.0
Disposals	–	(0.7)	–	–	–	–	(0.7)
At 31 March 2015	**120.8**	**48.3**	**1.7**	**5.3**	**4.0**	**1.2**	**181.3**
Net book value at 31 March 2015	**312.4**	**5.4**	**9.4**	**0.5**	**1.6**	**0.7**	**330.0**
Net book value at 31 March 2014	313.0	12.0	9.2	0.9	2.4	0.9	338.4

At 31 March 2015, £0.1m of software and website development costs (31 March 2014: £8.7m) represented assets under construction. Amortisation of these assets will commence when they are brought into use.

For the year to 31 March 2015, the amortisation charge of £10.0m (2014: £12.6m) has been charged to administrative expenses in the Income Statement and £Nil (2014: £0.2m) has been charged to the results from the discontinued operations.

£609.2m of the goodwill cost disposals in the year ended 31 March 2014 related to the closed magazines division and this was held at £Nil net book value. Goodwill cost disposals of £25.8m were also recorded in that year for the sale of the South African subsidiary.

In the year to 31 March 2014, the impairment of software and website development costs of £1.1m relate to certain assets of a business unit which were closed in the following year.

Goodwill, which has an indefinite useful life, is subject to annual impairment testing, or more frequent testing if there are indicators of impairment. The method used is as follows:

> goodwill is allocated to the appropriate cash-generating units (CGUs) based on the smallest identifiable group of assets that generates cash inflows independently in relation to the specific goodwill;

> the recoverable amounts of the CGUs are determined from value-in-use calculations that use cash flow projections from the latest three year plan approved by the Directors; and

> key assumptions in the budgets and plans include future revenue growth rates, associated future levels of marketing support, directly associated overheads and tax. These assumptions are based on historical trends and future market expectations. Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rate of 2.0% (2014: 2.0%). The pre-tax discount rate which has been applied in determining value in use for individual CGUs for potential impairments is 8.0%.

Significant headroom exists in the CGUs that have not been fully impaired. There are no reasonable possible changes to the assumptions presented above that would result in any further impairment recorded in each of the years presented in these financial statements.

The impairments in 2014 arose from decisions by management to close certain business operations. In the year ended 31 March 2014 an impairment loss of £10.8m was charged relating to 2nd Byte, a UK business unit that is in the process of closing.

12 Property, plant and equipment

	Assets under construction £m	Land, buildings and leasehold improvements £m	Plant and equipment £m	Motor vehicles £m	Total £m
Cost					
At 31 March 2013	–	3.5	18.2	0.1	21.8
Additions	1.0	–	2.3	–	3.3
Reclassification from intangible assets	–	–	0.3	–	0.3
Disposals	–	(0.7)	(5.2)	(0.1)	(6.0)
Transfer to disposal group held for sale (note 17)	–	(0.5)	–	–	(0.5)
Exchange differences	–	–	(0.1)	–	(0.1)
At 31 March 2014	**1.0**	**2.3**	**15.5**	**–**	**18.8**
Additions	6.1	–	1.0	–	7.1
Reclassification	(6.9)	3.3	3.6	–	–
Transfer to disposal group held for sale (note 17)	–	(0.8)	–	–	(0.8)
Disposals	–	(0.6)	(4.3)	–	(4.9)
At 31 March 2015	**0.2**	**4.2**	**15.8**	**–**	**20.2**
Accumulated depreciation					
At 31 March 2013	–	2.2	14.7	0.1	17.0
Charge for the year	–	0.1	2.2	–	2.3
Impairment		0.2	0.5	–	0.7
Transfer to disposal group held for sale (note 17)	–	(0.3)	–	–	(0.3)
Disposals	–	(0.6)	(4.5)	(0.1)	(5.2)
At 31 March 2014	**–**	**1.6**	**12.9**	**–**	**14.5**
Charge for the year	–	0.2	2.3	–	2.5
Transfer to disposal group held for sale (note 17)	–	(0.5)	–	–	(0.5)
Disposals	–	(0.5)	(4.3)	–	(4.8)
At 31 March 2015	**–**	**0.8**	**10.9**	**–**	**11.7**
Net book value at 31 March 2015	**0.2**	**3.4**	**4.9**	**–**	**8.5**
Net book value at 31 March 2014	1.0	0.7	2.6	–	4.3

The depreciation expense of £2.5m for the year to 31 March 2015 and the depreciation expense of £2.2m for the year ended 31 March 2014 have been recorded in administrative expenses. In 2014, £0.1m of depreciation expense was charged to the results from discontinued operations.

An impairment of £0.7m was recorded against certain assets relating to the relocation of offices in the UK during the year ended 31 March 2014.

13 Investments

Shares in other undertakings

	£m
Cost	
At 31 March 2015 and 31 March 2014	3.2
Provision for impairment	
At 1 April 2013	–
Impairment	3.2
At 31 March 2014 and 31 March 2015	3.2
Net book value at 31 March 2015	**–**
Net book value at 31 March 2014	–

At the balance sheet date the Group holds a 19.4% (2014: 22.7%) interest in the preferred share capital of IAUTOS Company Limited. IAUTOS Company Limited is an intermediate holding company through which are held trading companies incorporated in the People's Republic of China. It is not considered an associate as the Group does not have significant influence over this entity. This investment was fully impaired in the year to 31 March 2014 as the Chinese trading companies are loss-making with forecast future cash outflows.

Subsidiary undertakings

At 31 March 2015 the principal trading and holding subsidiaries of the Group are as follows:

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Class of shares held	Percentage owned by the parent	Percentage owned by the Group
Auto Trader Holding Limited (formerly Auto Trader Group Limited)	England and Wales	Financing company	Ordinary	100%	100%
Trader Media Group Holdings Limited	England and Wales	Holding company	Ordinary	–	100%
Trader Media Group (2003) Limited	England and Wales	Holding company	Ordinary	–	100%
Trader Finance (2009) Limited	England and Wales	Financing company	Ordinary	–	100%
Trader Media Corporation Limited	England and Wales	Financing company	Ordinary	–	100%
Trader Media Finance Limited	England and Wales	Financing company	Ordinary	–	100%
Auto Trader Limited (formerly Trader Publishing Limited)	England and Wales	Classified listings	Ordinary	–	100%
Webzone Limited	Republic of Ireland	Classified listings	Ordinary	–	100%

The Car Trader (Pty) Limited was sold on 9 October 2013.

14 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 March 2015	**Loans and receivables £m**	**Financial assets at fair value through profit and loss £m**	**Non-financial assets £m**	**Total £m**
Financial assets as per balance sheet:				
Trade and other receivables	**32.9**	**–**	**16.1**	**49.0**
Cash and cash equivalents	**22.1**	**–**	**–**	**22.1**
Total	**55.0**	**–**	**16.1**	**71.1**

31 March 2015	**Financial liabilities measured at amortised cost £m**	**Financial liabilities at fair value through profit or loss £m**	**Non-financial liabilities £m**	**Total £m**
Financial liabilities as per balance sheet:				
Borrowings	**(540.7)**	**–**	**–**	**(540.7)**
Trade and other payables	**(6.4)**	**–**	**(34.0)**	**(40.4)**
Derivative financial instruments	**–**	**–**	**–**	**–**
Total	**(547.1)**	**–**	**(34.0)**	**(581.1)**

31 March 2014	Loans and receivables £m	Financial assets at fair value through profit and loss £m	Non-financial assets £m	Total £m
Financial assets as per balance sheet:				
Trade and other receivables	45.6	–	7.3	52.9
Cash and cash equivalents	12.6	–	–	12.6
Total	58.2	–	7.3	65.5

31 March 2014	Financial liabilities measured at amortised cost £m	Financial liabilities at fair value through profit or loss £m	Non-financial liabilities £m	Total £m
Financial liabilities as per balance sheet:				
Borrowings	(1,107.2)	–	–	(1,107.2)
Trade and other payables	(13.9)	–	(24.4)	(38.3)
Derivative financial instruments	–	(0.6)	–	(0.6)
Total	(1,121.1)	(0.6)	(24.4)	(1,146.1)

Non-financial assets include prepayments and accrued income. Non-financial liabilities include other taxes and social security and accruals and deferred income.

15 Derivative financial instruments

	2015		2014	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m
Current portion:				
Interest rate swap: cash flow hedge	**–**	**–**	–	0.6
Non-current portion:				
Interest rate swap: cash flow hedge	**–**	**–**	–	–
Total	–	–	–	0.6

The fair values of derivative interest rate contracts are estimated by discounting expected future cash flows using current market interest rates and yield curves over the remaining term of the instrument.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the maturity of the hedged item is less than 12 months.

On 24 March 2015, as part of the Group restructure, the Group settled its interest rate swap agreements. On settlement the Group incurred an expense equal to the fair value of the derivative interest rate agreements at that date (note 8). The notional principal amount of the outstanding interest rate swap contracts at 31 March 2015 was £Nil (31 March 2014: £335.0m).

In the year ended 31 March 2015, the ineffective portion recognised in the Income Statement that arises from the cash flow hedges amounted to a loss of £Nil. The ineffective portion recognised in the Income Statement that arises from the cash flow hedges was £Nil in 2014.

At 31 March 2014, the fixed interest rates were between 1.2945% and 1.35% and the floating rate was based on one-month LIBOR. The gains or losses recognised in equity on the interest rate swap contracts as of 31 March 2014 have been released to the Income Statement over the remaining life of the instrument.

16 Trade and other receivables

	2015 £m	2014 £m
Trade receivables	**35.7**	42.9
Less: provision for impairment of trade receivables	**(2.9)**	(2.6)
Trade receivables – net	**32.8**	40.3
Amounts owed by related parties (note 29)	**–**	5.2
Other receivables	**0.1**	0.1
Prepayments and accrued income	**16.1**	7.3
Total	**49.0**	52.9

The ageing analysis of trade receivables is as follows:

	2015 £m	2014 £m
Fully performing	**25.3**	33.2
Past due but not impaired:		
Up to three months	**6.9**	6.6
Impaired	**3.5**	3.1
Total	**35.7**	42.9

It was assessed that a portion of the impaired receivables is expected to be recovered.

16 Trade and other receivables continued

Movements on the provision for impairment of trade receivables are as follows:

	2015 £m	2014 £m
At beginning of year	**2.6**	3.2
Provision for receivables impairment	**2.0**	1.9
Receivables written off during the year as uncollectible	**(1.7)**	(2.3)
Disposal of subsidiary	**–**	(0.2)
Total	**2.9**	2.6

The creation and release of the provision for impaired receivables is included in administrative expenses in the Income Statement.

The other classes within 'trade and other receivables' do not contain impaired assets, except where indicated.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable included within 'trade and other receivables'. The Group does not hold any collateral as security. Due to the large number of customers the Group services, the credit quality of trade receivables is not deemed a significant risk.

The carrying amount of the Group's trade receivables is denominated in the following currencies:

	2015 £m	2014 £m
Sterling	**35.0**	41.8
Euro	**0.7**	1.1
Total	**35.7**	42.9

At 31 March 2015 and 31 March 2014 all other financial receivables are primarily denominated in sterling.

17 Assets of disposal group classified as held for sale

Unoccupied properties no longer required by the Group have been placed for sale and are held at cost less accumulated depreciation and any impairment loss. One of the properties was let during the year ended 31 March 2014 and was reclassified as an investment property held for sale as the property was sold in November 2014.

	2015 £m	2014 £m
Non-current assets held for sale:		
Property, plant and equipment	**0.3**	0.4
Investment property	**–**	1.8
Total	**0.3**	2.2

18 Cash and cash equivalents

	2015 £m	2014 £m
Cash at bank and in hand	**22.1**	12.6

The Group's credit risk on cash and cash equivalents is limited as the counterparties are well-established banks with high credit ratings. At 31 March 2015 and 31 March 2014, the cash and cash equivalents are primarily denominated in sterling.

19 Borrowings

Non-current	2015 £m	2014 £m
Syndicated Term Loan gross of unamortised debt issue costs	550.0	–
Unamortised debt issue costs	(9.3)	–
Syndicated Term Loan net of unamortised debt issue costs	540.7	–
Former Junior Debt gross of unamortised debt issue costs	–	358.4
Debt issue costs	–	(12.0)
Former Junior Debt net of unamortised debt issue costs	–	346.4
Former Senior Debt	–	632.0
Series A, B and C Shareholder Loan Notes	–	128.8
Total	**540.7**	1,107.2

The Syndicated Term Loan, the former Senior Debt, former Junior Debt and Shareholder Loan Notes are repayable as follows:

	2015 £m	2014 £m
Within two to five years	550.0	632.0
Over five years	–	487.2
Total	**550.0**	1,119.2

The carrying amounts of borrowings approximate their fair values.

Syndicated Term Loan (the debt under the terms of the new Senior Facilities Agreement)

On 24 March 2015, the Company and a subsidiary undertaking, Auto Trader Holding Limited (formerly Auto Trader Group Limited), entered into a £550.0m Senior Facilities Agreement as part of the Group restructure. The associated debt transaction costs were £9.4m. The first utilisation was made on 24 March 2015 when £550.0m was drawn.

Interest on the Syndicated Term Loan is charged at LIBOR plus a margin of between 1.5% and 3.25% depending on the consolidated leverage ratio of the Group. There is no requirement to settle all or part of the debt earlier than the termination date in March 2020.

Under the Senior Facilities Agreement, the lenders also made available to the Company and Auto Trader Holding Limited a £30.0m revolving credit facility (the 'RCF'). Other than an ancillary facility of £0.6m, the RCF was undrawn at 31 March 2015 (2014: £35.0m). Cash drawings under the RCF would incur interest at LIBOR, or in the case of loans in Euro, EURIBOR plus a margin of between 1.25% and 3.0% depending on the consolidated leverage of the Group (31 March 2014: 3.75%). A commitment fee of 35% of the margin applicable to the RCF from time to time is payable quarterly in arrears on the unutilised amounts of the RCF.

Senior Bank Debt ('former Senior Debt') (the debt under the terms of the former Senior Facilities Agreement)

On 28 February 2014 the Group refinanced the former Senior Debt as part of an overall refinancing of the Group. £267.0m of the former Senior Debt was transferred to a new tranche B4 which was due to expire in December 2017. All of the remaining former Senior Debt was transferred to the existing tranche B2X with a maturity of June 2017. In addition to the refinancing transactions in 2014 the Group repaid £32.7m of the former Senior Debt.

During the year to 31 March 2015 a subsidiary undertaking purchased £Nil (31 March 2014: £16.9m) of the former Senior Debt.

19 Borrowings continued

Interest on the former Senior Debt was charged at LIBOR plus a margin of between 2% and 4.5% depending on the consolidated leverage ratio of Trader Media Corporation (2003) Limited up to 28 February 2014. Following the renegotiation of the facility the interest was charged at LIBOR plus a margin of between 4.25% and 4.5% (31 March 2014: 4.25% and 4.5%) based on the consolidated leverage ratio of Trader Media Group Holdings Limited. This calculation encompasses the former GSMP Junior Debt of £358.4m described below.

On 24 March 2015 the Group repaid the full £632.0m of the former Senior Debt (together with accrued interest, break costs and other costs payable under the terms of the former Senior Facilities Agreement) as part of the overall restructuring of the Group.

GSMP Junior Debt ('former Junior Debt') (the debt under the terms of the former GSMP Junior Debt Agreement)

On 21 January 2014 the Group entered into a £412.4m facilities agreement with Goldman Sachs Mezzanine Partners (GSMP) and £358.4m of former Junior Debt was drawn on 28 February 2014. The associated debt transaction costs were £12.7m. The interest payable on the former Junior Debt was charged at LIBOR with a floor of 1% plus a fixed margin of 8.75%. There was no requirement to settle all or part of the debt earlier than the termination date in February 2021.

On 24 March 2015 the Group repaid the full £358.4m of the former Junior Debt (together with accrued interest, break costs and other costs payable under the terms of the GSMP Junior Debt Agreement) as part of the overall restructuring of the Group. A premium of £26.2m has been recognised in finance costs in the year to 31 March 2015 (note 8).

Series A, B and C Shareholder Loan Notes

On 24 March 2015, as part of the overall Group restructure, the Group settled the full £128.8m of Shareholder Loan Notes in exchange for ordinary shares in Auto Trader Holding Limited (formerly Auto Trader Group Limited).

Interest was charged at LIBOR plus a margin of 9% on the Series A, B and C Shareholder Loan Notes. Interest was payable annually in arrears in June on the anniversary of the issue date, however the interest was rolled up into the principal every year since issue. On 28 February 2014 as part of the former Senior Debt refinancing transaction, accrued interest on all Shareholder Loan Notes was rolled into the principal.

In 2014, £490.7m of Series A Shareholder Loan Notes and £0.2m of Series C Shareholder Loan Notes were repaid.

The exposure of the Group's borrowings (excluding debt issue costs) to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	2015 £m	2014 £m
One month or less	**550.0**	990.4
One to three months	**–**	128.8
Six to 12 months	**–**	–
Total	**550.0**	1,119.2

20 Trade and other payables

	2015 £m	2014 £m
Trade payables	**5.3**	6.6
Other taxes and social security	**10.1**	7.2
Other payables	**0.6**	0.7
Accruals and deferred income	**23.9**	17.2
Accrued interest payable	**0.5**	6.6
Total	**40.4**	38.3

21 Provisions for other liabilities and charges

	Onerous lease and dilapidations provision £m	Restructuring provision £m	Management incentive plan provision £m	Holiday pay provision £m	Total £m
At 31 March 2013	2.5	3.7	2.9	0.4	9.5
Charged to the Income Statement	4.8	4.9	1.5	0.3	11.5
Credited to other comprehensive income	–	–	(0.7)	–	(0.7)
Utilised in the year	(0.8)	(3.1)	–	(0.3)	(4.2)
Released in the year	(0.3)	(0.9)	(0.9)	–	(2.1)
On disposal of subsidiary	–	–	–	(0.1)	(0.1)
At 31 March 2014	6.2	4.6	2.8	0.3	13.9
Charged to the Income Statement	0.2	0.7	1.9	0.3	3.1
Credited to other comprehensive income	–	–	(0.5)	–	(0.5)
Utilised in the year	(2.4)	(2.8)	(3.8)	(0.3)	(9.3)
Released in the year	(0.1)	(0.9)	–	–	(1.0)
At 31 March 2015	**3.9**	**1.6**	**0.4**	**0.3**	**6.2**

	2015 £m	2014 £m
Current	**3.9**	9.3
Non-current	**2.3**	4.6
Total	**6.2**	13.9

The onerous lease provision has been provided for future payments under property leases in respect of unoccupied properties no longer suitable for the Group's use. At 31 March 2015 the onerous leases expire between February 2015 and January 2017. Dilapidations have been provided for all UK and Ireland properties based on the estimate of costs upon exit of the leases, which expire between April 2015 and February 2029.

The restructuring provision relates to redundancy and other costs concerning key relocations and reorganisations in the UK, and costs associated with completed and proposed corporate finance transactions.

At 31 March 2015 the management incentive plan provision comprises amounts that are payable to senior management under long-term management incentive plans.

At 31 March 2014 the management incentive plan provision comprises amounts payable under long-term management incentive plans that may be payable to senior management shareholders on leaving the Group in accordance with the bad leaver requirements as set out in note 27. It also includes amounts payable under long-term cash management incentive plans.

The holiday pay provision relates to liabilities for holiday pay in relation to the UK and Ireland operations for leave days accrued and not yet taken at the end of the financial year.

22 Deferred taxation

The movement in deferred taxation assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred taxation assets	Accelerated capital allowances £m	Other temporary differences £m	Total £m
At 31 March 2013	4.8	0.8	5.6
Charged to the Income Statement	(0.4)	–	(0.4)
Charged directly to equity	–	(0.4)	(0.4)
At 31 March 2014	4.4	0.4	4.8
Credited to the Income Statement	0.2	–	0.2
Charged directly to equity	–	(0.4)	(0.4)
At 31 March 2015	**4.6**	**–**	**4.6**

Deferred taxation liabilities	Accelerated capital allowances £m	Other temporary differences £m	Total £m
At 31 March 2013	–	1.3	1.3
Credited to the Income Statement	–	(0.5)	(0.5)
At 31 March 2014	–	0.8	0.8
Credited to the Income Statement		(0.2)	(0.2)
At 31 March 2015	**–**	**0.6**	**0.6**

23 Retirement benefit obligations

Across the UK and Ireland the Group operates several pension schemes. All except one are defined contribution schemes. Within the UK, all pension schemes set up prior to 2001 have been closed to new members and only one defined contribution scheme is now open to new employees.

In the year to 31 March 2015 the pension contributions to the Group defined contribution scheme amounted to £2.0m (2014: £1.9m) including the contributions related to the discontinued operations. At 31 March 2015, there are £0.3m (31 March 2014: £0.3m) of pension contributions outstanding relating to the Group's defined contribution scheme.

The defined benefit pension scheme provides benefits based on final pensionable pay and this scheme was closed to new joiners with effect from May 2002. New employees after that date have been offered membership of the Group's defined contribution scheme.

The most recent actuarial valuation of the defined benefit obligations was performed as at 31 March 2015 by a qualified independent actuary.

The amounts recognised in the balance sheet are determined as follows:

	2015 £m	2014 £m
Present value of funded obligations	**19.1**	15.7
Fair value of plan assets	**(19.6)**	(16.9)
Effect of surplus cap	**0.5**	1.2
Net liability recognised in the balance sheet	**–**	–

The surpluses of £0.5m as at 31 March 2015 and £1.2m as at 31 March 2014 were not recognised as assets as they were not deemed to be recoverable by the Group.

The net retirement benefit income before taxation recognised in the Income Statement in respect of the defined benefit schemes is summarised as follows:

	2015 £m	2014 £m
Interest income on net defined benefit obligation	–	–
Administration expenses paid by the scheme	–	–
Net retirement benefit income before taxation	**–**	–

The amounts recognised in the statement of other comprehensive income are as follows:

	2015 £m	2014 £m
Actuarial (losses)/gains recognised in the year (before tax)	**(0.8)**	0.7
Reversal of surplus cap	**0.8**	(0.7)
Total	**–**	–

The movement in the defined benefit obligations over the year is as follows:

	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 31 March 2013	15.8	(15.8)	–
Interest expense/(income)	0.7	(0.7)	–
Remeasurements:			
Gain from changes in financial assumptions	(0.4)	–	(0.4)
Return on plan assets, excluding amounts included in interest expense/(income)	–	(0.3)	(0.3)
Benefits paid	(0.4)	0.4	–
Effect of surplus cap	–	0.7	0.7
At 31 March 2014	15.7	(15.7)	–
Interest expense/(income)	0.7	(0.7)	–
Remeasurements:			
Loss from changes in financial assumptions	3.1	–	3.1
Return on plan assets, excluding amounts included in interest expense/(income)	–	(2.3)	(2.3)
Benefits paid	(0.4)	0.4	–
Effect of surplus cap	–	(0.8)	(0.8)
At 31 March 2015	**19.1**	**(19.1)**	**–**

During the year to 31 March 2015, the Group did not contribute to the defined benefit scheme (2014: £Nil). No contributions to this scheme are expected in the next financial year and there are no minimum funding requirements. As at 31 March 2015, approximately 70% of the liabilities (2014: 70%) are attributable to former employees who have yet to reach retirement and 30% to current pensioners.

23 Retirement benefit obligations continued

The significant actuarial assumptions were as follows:

	2015	2014
Discount rate	**3.30%**	4.30%
Pension growth rate	**2.20%**	2.60%
Inflation rate	**3.30%**	3.60%

Sensitivity to key assumptions has not been disclosed as any reasonable possible changes would not result in a significant change to the amounts recorded in the financial statements.

The Group has assumed that mortality will be in line with nationally published mortality table S1NA related to members' years of birth with a long-term rate of improvement of 1.5% per annum. These tables translate into an average life expectancy for a pensioner retiring at age 65 as follows:

	2015		2014	
	Male Years	**Female Years**	Male Years	Female Years
Member aged 65 (current life expectancy)	**88**	**90**	88	90
Member aged 45 (life expectancy at age 65)	**90**	**93**	90	93

Plan assets are comprised as follows:

	2015		2014	
	£m	**%**	£m	%
Equities	**10.8**	**55.1**	9.3	55.0
Corporate bonds	**7.9**	**40.3**	6.7	39.7
Real estate	**0.9**	**4.6**	0.9	5.3
Total	**19.6**	**100.0**	16.9	100.0

This defined benefit pension scheme exposes the Group to a number of risks, the most significant of which are:

Asset volatility

The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of equities, which are expected to outperform corporate bonds in the long term while creating volatility and risk in the short term. The allocation to equities is monitored to ensure it remains appropriate given the scheme's long-term objectives.

Changes in bond yields

A decrease in corporate bond yields will increase the scheme liabilities, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Inflation risk

A proportion of the scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although in most cases caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The weighted average duration of the defined benefit obligation is 22 years.

24 Share capital

Share capital	2015 £m	2014 £m
Allotted, called-up and fully paid		
1,000,000,000 ordinary shares of £1.50 each (2014: £Nil)	**1,500**	–
Nil cumulative irredeemable preference shares of £1 each (2014: 175,458,245)	**–**	175.7
Nil A ordinary shares of 10 pence each (2014: 50,100)	**–**	–
Nil B ordinary shares of 10 pence each (2014: 38,655)	**–**	–
Nil C ordinary shares of 10 pence each (2014: 9,949)	**–**	–
Nil D ordinary shares of 10 pence each (2014: 1,296)	**–**	–
Nil deferred B ordinary shares of 10p each (2014: 911,245)	**–**	0.1
Nil deferred shares of £0.0001 each (prior years: 430,000,000)	**–**	–
Total	**1,500**	175.8

The share capital of the Group is represented by the share capital of the parent company, Auto Trader Group plc. This company was incorporated on 13 February 2015 to act as the holding company of the Group. Prior to this the share capital of the Group was represented by the share capital of the previous parent, Auto Trader Holding Limited (formerly Auto Trader Group Limited).

The table below summarises the movements in share capital during the year ended 31 March 2015.

	£m
Balance at 1 April 2014	175.8
Repurchase and cancellation of Auto Trader Holding Limited ordinary share capital	(0.1)
Roll-up of Auto Trader Holding Limited preference share dividend	0.2
Auto Trader Holding Limited preference share capital issued	1.8
Group restructuring	1,322.3
Total	**1,500.0**

Auto Trader Group plc was incorporated on 13 February 2015 and issued one ordinary share of £1 at par and one redeemable preference share of £49,999 at par.

On 24 March 2015 the Company issued 14 ordinary shares of £1 at par.

On 24 March 2015 as part of the Group restructuring the following steps took place:

> the 15 ordinary £1 shares were sub-divided into 10 £1.50 shares;

> the Company issued 804,106,797 ordinary shares of £1.50 in exchange for the entire share capital of Auto Trader Holding Limited (formerly Auto Trader Group Limited). The Company issued 195,893,193 ordinary shares of £1.50 for cash consideration of £460.3m; and

> the Company repurchased and cancelled the redeemable preference share of £49,999 for cash consideration of £49,999.

25 Dividends

Prior to the Group restructure, ordinary dividends of £3.6m (2014: £Nil) were paid in respect of the year ended 31 March 2015 to the shareholders of Auto Trader Holding Limited (formerly Auto Trader Group Limited). Rolled-up preference dividends and preference share capital, including premium, of £Nil (2014: £2.5m) were paid during the year (note 24).

Dividends paid were declared on shares over the Group's previous parent Auto Trader Holding Limited (formerly Auto Trader Group Limited) and were settled via the waiver of amounts due from Shareholders.

The Directors' policy with regards to future Dividends is set out in the Strategic Report on pages 2 to 25.

26 Cash generated from operations

	2015 £m	2014 £m
Profit before taxation including discontinued operations	**12.8**	18.0
Adjustments for:		
Depreciation	**2.5**	2.3
Amortisation	**10.0**	12.8
Profit on disposal of property, plant and equipment	**(1.2)**	–
Goodwill and other impairment charges	**–**	15.8
Profit on disposal of discontinued operations	**–**	(9.2)
Foreign exchange gain on disposal of discontinued operations	**–**	(0.8)
Fair value loss on customer list asset	**–**	0.6
Share-based payments charge	**3.7**	–
Finance costs	**122.3**	84.9
Finance income	**(0.1)**	(0.7)
IPO costs	**1.5**	–
Refinancing fees	**–**	10.8
Changes in working capital (excluding the effects of disposals and exchange differences on consolidation):		
Trade and other receivables	**(1.5)**	(13.8)
Trade and other payables	**2.3**	1.6
Provisions	**(7.5)**	5.1
Cash generated from operations	**144.8**	127.4

The cash flows of discontinued operations are as follows:

	2015 £m	2014 £m
Cash generated from operations	**(0.1)**	4.9
Taxation	**(0.1)**	(1.4)
Operating cash flows	**(0.2)**	3.5
Investing cash flows	**3.4**	(0.3)
Financing cash flows	**–**	–
Total cash flows	**3.2**	3.2

During the year ended 31 March 2014, the Group disposed of its 100% equity interest in its South African subsidiary, The Car Trader (Pty) Limited. The fair values of assets and liabilities over which control was lost were as follows:

	The Car Trader (Pty) Ltd £m
Net assets disposed of:	
Intangible assets	22.0
Property, plant and equipment	0.6
Trade and other receivables	0.7
Trade and other payables	(1.3)
Currency translation differences and foreign exchange gain	1.1
Gain on disposal	9.2
	32.3
Satisfied by:	
Cash and cash equivalents received as consideration	36.3
Cash and cash equivalents sold	(4.0)
Total net cash consideration	32.3

27 Share-based payments

Prior to the Group restructure (note 24) a number of the Group's Directors and senior managers were invited to become shareholders in Auto Trader Holding Limited (formerly Auto Trader Group Limited).

The assumptions used in the measurement of the fair value of the shares awarded to the Group's Directors and senior managers are calculated at the date on which the award was communicated to the individuals. The expense of £3.7m (note 4) recognised in the Income Statement in respect of these shares was determined using the Black-Scholes valuation model and the following assumptions.

Grant/award date	Number of shares issued	Exercise price	Expected term (years)	Risk-free rate (%)	Dividend yield (%)	Expected volatility (%)	Fair value per share (pounds)
4 July 2014	19,838	Nil	1.0	1.48	Nil	30.0	76.84
25 Feb 2015	196	Nil	1.0	1.48	Nil	30.0	3,003.96
25 Feb 2015	398	42.05	1.0	1.48	Nil	30.0	3,003.96

On 4 July 2014, 19,838 E ordinary shares of £0.001 each were gifted to certain Directors and members of key management. The nominal value of these shares of £19.84 was fully paid in cash by a third-party individual.

On 25 February 2015, 196 E ordinary shares of £0.001 each were issued to certain Directors and members of key management. The nominal value of these shares of £0.20 was fully paid in cash by a third-party individual.

On 25 February 2015, 398 E ordinary shares of £0.001 each were issued to certain Directors and members of key management. The nominal value of these shares of £0.40 was fully paid in cash by the Directors and members of key management. In addition, the Directors and members of key management receiving the shares paid a premium of £42.05 per share.

No new shares were gifted to Directors and members of senior management during 2014.

The Articles of Association of Auto Trader Holding Limited (formerly Auto Trader Group Limited) define 'good leavers' and 'bad leavers' where a bad leaver is an employee-shareholder leaving the business because of voluntary resignation, summary dismissal or breach of restrictive covenants within 12 months of leaving. All other employee-shareholders leaving the business are good leavers.

On leaving the business, the Articles of Auto Trader Holding Limited (formerly Auto Trader Group Limited) require that E ordinary and F ordinary shares (31 March 2014: C ordinary and D ordinary shares) held by the leaver may be required to sell their shares to such persons as nominated by the Board of Directors of Auto Trader Holding Limited (formerly Auto Trader Group Limited).

The entire share capital of Auto Trader Holding Limited (formerly Auto Trader Group Limited) was acquired by the Company through a share-for-share exchange on 24 March 2015 as part of the Group restructure (note 24). This has resulted in £0.5m of the share-based payments provision being released during the year ended 31 March 2015 (2014: £0.7m).

No expense was recognised in the year ended 31 March 2014 for the issue of shares by Auto Trader Holding Limited (formerly Auto Trader Group Limited) as the consideration received for the C and D ordinary shares was equal to or greater than the fair value of the shares.

28 Commitments and contingencies

Capital expenditure contracted for at the end of the reporting years but not yet incurred was as follows:

	2015 £m	2014 £m
Property, plant and equipment	–	3.8
Intangible assets	–	–
Total	–	3.8

At 31 March 2014, £3.8m of capital expenditure commitment related to the new Manchester and London properties.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2015 £m	2014 £m	2015 £m	2014 £m
No later than one year	1.6	1.9	0.4	0.8
Later than one year and no later than five years	7.9	3.7	0.3	0.4
Later than five years	17.3	14.3	–	–
Total	26.8	19.9	0.7	1.2

At 31 March 2015, £17.3m (31 March 2014: £14.3m) of future lease payments payable after five years relate to the new Manchester and London properties. The lease terms on these properties are between ten and 15 years and both lease agreements are renewable at the end of the lease period at market rate.

29 Related party transactions

Prior to 24 March 2015 a subsidiary company Auto Trader Holding Limited (formerly Auto Trader Group Limited) was jointly controlled by Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l.. Prior to 1 March 2014 Auto Trader Holding Limited (formerly Auto Trader Group Limited) was jointly controlled by Crystal A Holdco S.à r.l, Crystal B Holdco S.à r.l and GMG (TMG) Limited. GMG (TMG) Limited sold its entire holding of 50.1% in Auto Trader Holding Limited (formerly Auto Trader Group Limited) to Crystal A Holdco S.à r.l., Crystal B Holdco S.à r.l. and Ed Williams.

Prior to 24 March 2015 the shareholder companies had made loans to and held preference shares in Auto Trader Holding Limited (formerly Auto Trader Group Limited). Ed Williams and Chip Perry, Directors of Auto Trader Holding Limited (formerly Auto Trader Group Limited), had also issued Shareholder Loan Notes to and held preference shares in Auto Trader Holding Limited (formerly Auto Trader Group Limited).

On 24 March 2015, as part of the overall restructuring of the Group, the Shareholder Loan Notes and related accrued interest, preference shares, preference share premium and accrued dividends were converted into share capital of Auto Trader Holding Limited (formerly Auto Trader Group Limited). On 24 March 2015 all shares in Auto Trader Holding Limited (formerly Auto Trader Group Limited) were exchanged for shares in Auto Trader Group plc via a share-for-share exchange.

The balances at the end of the period including accrued interest, dividends payable on these debt and equity instruments and the premium on the preference shares are disclosed below:

	2015 £m	2014 £m
Shareholder loans and accrued interest		
GMG (TMG) Limited	–	–
Crystal A Holdco S.à r.l.	–	(49.2)
Crystal B Holdco S.à r.l.	–	(80.3)
Ed Williams	–	(0.4)
Chip Perry	–	–
Preference shares, premium and accrued dividends		
GMG (TMG) Limited	–	–
Crystal A Holdco S.à r.l.	–	(92.3)
Crystal B Holdco S.à r.l.	–	(148.0)
Ed Williams	–	(0.7)
Chip Perry	–	–
Interest charged to the Income Statement		
GMG (TMG) Limited	–	(26.1)
Crystal A Holdco S.à r.l.	(4.9)	(10.3)
Crystal B Holdco S.à r.l.	(8.0)	(16.7)
Ed Williams	–	(0.1)
Chip Perry	–	–

The annual interest accrued on the Shareholder Loan Notes has been rolled into the principal each year since issue (note 19). Interest accrued on Shareholder Loan Notes was rolled up into the principal on 24 March 2015 prior to the Group restructure.

On 28 February 2014, repayments of Shareholder Loan Notes and accrued interest were made to the value of £186.5m to Crystal A Holdco S.à r.l., £304.2m to Crystal B Holdco S.à r.l. and £0.2m to Ed Williams.

During the year ended 31 March 2015 additional loans of £15.7m (31 March 2014: £5.2m) were made to Crystal B Holdco S.à r.l. These loans are unsecured, non-interest bearing and repayable on demand. The total loan balance of £20.9 million was waived and released as payment for the repurchase of A ordinary shares during the year (note 24).

During the year ended 31 March 2015 a subsidiary undertaking, Auto Trader Holding Limited (formerly Auto Trader Group Limited), made loans of £1.4m and £2.2m to Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l. respectively. These loans are unsecured, non-interest bearing and repayable on demand. On 6 March 2015 the loans were settled through the issue of a dividend in kind.

Apax Europe VIII GP Co. Limited, a fund advised by Apax Partners LLP, received £0.1m for the provision of Directors' services to the Group during the year (31 March 2014: £0.1m). The balance outstanding at the end of the year was £Nil (31 March 2014: £Nil).

Prior to 24 March 2015 funds advised by Apax Partners LLP held £15.0m of the former Junior Debt. The fund receives interest and is subject to the same terms of the existing GSMP Junior Debt Agreement as all other syndicate members (note 19).

29 Related party transactions continued

In the year ended 31 March 2015 certain Group companies have traded with companies in which the funds advised by Apax Partners LLP have an interest. Trading was in the normal course of operations and on an arm's length basis. Transactions during the year and balances outstanding at each year end are as follows:

	2015 £m	2014 £m
Funds advised by Apax		
Recharges of costs	**(0.1)**	(0.1)
Net balance outstanding at the period end	**–**	–

Transactions with Directors and key management

Loans made on an arm's length basis in a previous year to certain members of key management were fully repaid in the year. The balance outstanding at 31 March 2015 was £Nil (2014: £13,551).

At 31 March 2015 Directors and key management of Auto Trader Group plc control 6.94% of the voting shares of the Company. At 31 March 2014, Directors and key management of Auto Trader Holding Limited (formerly Auto Trader Group Limited) controlled 14.52% of that company's voting shares.

On 4 July 2014 Auto Trader Holding Limited (formerly Auto Trader Group Limited) gifted 19,838 E ordinary shares of £0.001 each to certain Directors and members of key management. The nominal value of these shares of £19.84 was fully paid up in cash by a third-party individual.

On the same day the following shares were issued to certain Directors and members of key management for aggregate cash consideration of:

	Number of shares	Aggregate cash consideration £
E ordinary shares of £0.001 each	11,073	465,665
A2 ordinary shares of £0.001 each	191	8,032
A2 Preferred ordinary shares of £0.001 each	15,891	668,282
F ordinary shares of £700 each	5	3,500

On 25 February 2015 Auto Trader Holding Limited (formerly Auto Trader Group Limited) gifted 196 E ordinary shares of £0.001 each to certain Directors and members of key management. The nominal value of these shares of £0.20 was fully paid up in cash.

On 25 February 2015 Auto Trader Holding Limited (formerly Auto Trader Group Limited) issued 398 E ordinary shares of £0.001 each to certain Directors and members of key management for cash consideration of £16,738. The nominal value of these shares of £0.40 was fully paid up in cash.

On 24 March 2015 all Directors and key management exchanged their shareholding in Auto Trader Holding Limited (formerly Auto Trader Group Limited) for shares in Auto Trader Group plc.

30 Subsequent events

Since the balance sheet date the following events have taken place:

> On 21 April 2015 the Company issued 1,051,699 ordinary shares of £1.50 each, at par, with each share carrying the right to one vote. These shares have been issued and allotted in connection with the Auto Trader Group plc Share Incentive Plan. The shares rank pari passu with the existing ordinary shares of the company.

> On 13 May 2015 the Company repaid £20.0m of the Syndicated Term Loan.

Independent auditors' report to the members of Auto Trader Group plc

Report on the parent company financial statements

Our opinion

In our opinion, Auto Trader Group plc's parent company financial statements (the 'financial statements'):

> give a true and fair view of the state of the parent company's affairs as at 29 March 2015;

> have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

> have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Auto Trader Group plc's financial statements comprise:

> the Company balance sheet as at 29 March 2015; and

> the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)') we are required to report to you if, in our opinion, information in the Annual Report is:

> materially inconsistent with the information in the audited financial statements; or

> apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or

> otherwise misleading.

We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

> we have not received all the information and explanations we require for our audit; or

> adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

> the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Auto Trader Group plc
continued

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 56, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

> whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed;

> the reasonableness of significant accounting estimates made by the directors; and

> the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We have reported separately on the group financial statements of Auto Trader Group plc for the year ended 29 March 2015.

Matthew Hall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

19 June 2015

Company balance sheet

At 29 March 2015

	Note	2015 £m
Fixed assets		
Investments	3	**1,206.2**
		1,206.2
Current assets		
Debtors	4	**440.0**
Cash at bank and in hand		**9.5**
		449.5
Creditors: amounts falling due within one year	5	**(12.6)**
Net current assets		**436.9**
Total assets less current liabilities		**1,643.1**
Creditors: amounts falling due after more than one year		**–**
Net assets		**1,643.1**
Capital and reserves		
Called-up share capital	7	**1,500.0**
Share premium account	8	**144.4**
Profit and loss account	8	**(1.3)**
Total shareholders' funds		**1,643.1**

The financial statements from pages 109 to 112 were approved by the Board of Directors and authorised for issue.

Sean Glithero
Finance Director

19 June 2015

Auto Trader Group plc Registered number 09439967

Notes to the Company financial statements

1 Accounting policies

Auto Trader Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The Company was incorporated on 13 February 2015 and, therefore, no comparative information is presented.

The principal accounting policies applied under UK GAAP are detailed below. They have all been applied consistently throughout the period.

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice (UK GAAP), under the historical cost convention. The financial information presented is at and for the 45 day period ended 29 March 2015. Financial period ends have been referred to as 31 March throughout the consolidated financial statements as per the Company's accounting reference date.

As permitted by Section 408 of the Companies Act 2006, an entity profit and loss account is not included as part of the published consolidated financial statements of Auto Trader Group plc. The loss for the financial period dealt with in the financial statements of the parent company is £1.3m.

No cash flow statement has been included as the cash flows of the Company are included in the consolidated financial statements of Auto Trader Group plc which are publicly available. The consolidated financial statements of Auto Trader Group plc have been prepared in accordance with International Financial Reporting Standards.

The Directors have used the going concern principle on the basis that the current financial projections and facilities of the consolidated group will continue in operation for the foreseeable future.

Amounts paid to the Company's auditors in respect of the statutory audit were £50,000.

Investments in subsidiaries

Investments in subsidiaries are held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

Where equity-settled share-based payments are granted to the employees of subsidiary companies, the fair value of the award is treated as a capital contribution by the Company and the investment in subsidiaries are adjusted to reflect this capital contribution.

Taxation and deferred taxation

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred on the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all evidence available, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried-forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Related party transactions

Under the provisions of FRS 8 Related party disclosures, the Company is exempt from the requirement to disclose details of related party transactions with entities that are part of Auto Trader Group plc group, or investees of the Auto Trader Group plc group.

2 Directors' emoluments

The Company has no employees other than the Directors. Full details of the Directors' remuneration and interests are set out in the Directors' Remuneration Report on pages 41 to 51.

3 Investments

	Investment in subsidiary undertakings £m
At beginning of the period	–
Additions	1,206.2
At end of the period	**1,206.2**

The investment made in the year relates to the capital re-organisation of the Group as disclosed in note 24 of the consolidated financial statements.

Subsidiary undertakings

At 31 March 2015 the principal trading and holding subsidiaries of the Group are as follows:

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Class of shares held	Percentage owned by the parent	Percentage owned by the Group
Auto Trader Holding Limited (formerly Auto Trader Group Limited)	England and Wales	Financing company	Ordinary	100%	100%
Trader Media Group Holdings Limited	England and Wales	Holding company	Ordinary	–	100%
Trader Media Group (2003) Limited	England and Wales	Holding company	Ordinary	–	100%
Trader Finance (2009) Limited	England and Wales	Financing company	Ordinary	–	100%
Trader Media Corporation Limited	England and Wales	Financing company	Ordinary	–	100%
Trader Media Finance Limited	England and Wales	Financing company	Ordinary	–	100%
Auto Trader Limited (formerly Trader Publishing Limited)	England and Wales	Classified listings	Ordinary	–	100%
Webzone Limited	Republic of Ireland	Classified listings	Ordinary	–	100%

The Car Trader (Pty) Limited was sold on 9 October 2013.

4 Debtors

	2015 £m
Amounts owed by Group undertakings	**439.9**
Corporation tax receivable	**0.1**
	440.0

Amounts owed by Group undertakings are non-interest-bearing, unsecured and repayable on demand.

5 Creditors: amounts falling due within one year

	2015 £m
Amounts owed to Group undertakings	**3.6**
Accruals and deferred income	**9.0**
	12.6

Amounts owed to Group companies are unsecured, non-interest-bearing and have no fixed date of repayment.

6 Financial instruments and risk management

Financial instruments utilised by the Company during the period ended 31 March 2015, together with information regarding the methods and assumptions used to calculate fair values, can be summarised as follows:

Current assets and liabilities

Financial instruments included within current assets and liabilities (excluding cash and borrowings) are generally short-term in nature and accordingly their fair values approximate to their book values.

7 Called-up share capital

	2015	
	Number millions	**Amount £m**
Allotted, called-up and fully paid		
Ordinary shares of £1.50 each	**1,000**	**1,500**
	1,000	**1,500**

8 Reserves and movements in shareholders' funds

	Called-up share capital £m	Share premium account £m	Profit and loss account £m	Total £m
At beginning of the period	–	–	–	–
Issue of share capital	1,500.0	144.4	–	1,644.4
Loss for the financial period	–	–	(1.3)	(1.3)
At end of the period	**1,500.0**	**144.4**	**(1.3)**	**1,643.1**

9 Contingent liabilities and guarantees

The Company is a guarantor to a borrowing facility relating to a loan provided to a Group entity. The amount borrowed under this agreement at 31 March 2015 was £550.0m.

Shareholder information

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Financial calendar 2015-2016

Trading update	17 September 2015
Annual General Meeting	17 September 2015
Half-year results	13 November 2015
2016 Financial year end	27 March 2016
2016 Full-year results	June 2016

Shareholder enquiries
Our registrars will be pleased to deal with any questions regarding your shareholdings (see contact details in the opposite column). Alternatively, if you have internet access, you can access www.capitashareportal.com where you can view and manage all aspects of your shareholding securely including electronic communications, account enquiries, amendment to address.

Investor relations website
The investor relations section of our website, http://about-us.autotrader.co.uk/investors, provides further information for anyone interested in Auto Trader. In addition to the Annual Report and Financial Statements, and share price, Company announcements including the full-year results announcements and associated presentations are also published there.

Cautionary note regarding forward-looking statements
Certain statements made in this Report are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. They appear in a number of places throughout this Report and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business. Persons receiving this Report should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, Auto Trader Group plc does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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